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BCStats

# Infoline

Contact: bcstats.infoline@gov.bc.ca | Issue: 09-17 | May 1, 2009

- **Economy shrinks for first time since 1982; goods sector particularly hard hit**
- **Real after tax income rises to $26,110 per person; gap between BC and Canada widens**
- **Room revenues fall 2.3% in January**

## The Economy

- **British Columbia's economy shrank 0.3% in 2008, marking the first annual downturn in the province since 1982.** Three of the four biggest provinces—Ontario (-0.4%), BC and Alberta (-0.2%)—together with Newfoundland & Labrador (-0.1%) and NWT (-6.5%) saw output fall during 2008 as they felt the pinch of a global economic slowdown that has dampened demand for many Canadian products. Although the Canadian economy grew 0.5%, the increase was the lowest since the recession of 1991.

  Saskatchewan (+4.4%), Manitoba (+2.4%) and Nova Scotia (+2.0%) continued to experience robust growth, while Quebec (+1.0%) saw a more moderate increase in output.

  *Data Source: Statistics Canada*

- **BC's 0.3% decline reflected the effect of slower growth in domestic demand for goods and services, together with weakness in external markets for BC products.** Final domestic demand, which includes consumer, government and business spending on goods and services, rose 2.6% during 2008, the lowest rate of increase since 2002. This was largely due to lower consumer spending on big-ticket items. Purchases of durable goods dipped (-0.4%) for the first time in ten years, and spending on residential structures (-4.1%) also fell for the first time since the late 1990s, as a long upturn in the housing market came to an end.

  Export markets were also affected. BC's international exports of goods plummeted 10.6% in the face of slumping demand. Housing market woes in the US, the biggest market for BC forest products, contributed to the decline. The global economic downturn and a slowing Canadian economy were also factors contributing to a 6.8% drop in international and interprovincial exports of goods and services. *Data Source: Statistics Canada*

- **Real[1] per capita after-tax income in the province increased 3.3%, rising to $26,110 in 2008.** Saskatchewan (+8.7%), Manitoba (+4.2%) and Alberta (+4.1%) were the only provinces to see stronger growth in after-tax income. BC continued to have the third highest after-tax income among the provinces, after Alberta ($32,882) and Ontario ($26,514). After-tax per capita income in the province has been rising, and has been above the Canadian average ($25,992) since 2006.

  *Data Source: Statistics Canada*

- **The province's goods-producing industries were hit hard by the downturn, shrinking 4.3% during the year.** Construction (+4.2%) was the only major goods industry to escape the general malaise. GDP in manufacturing fell 10.5% with most major manufacturing industries posting declines. Growth in the service sector (+1.7%), which has traditionally been a stabilizing factor, was not strong enough to offset the downturn in the goods industries. *Data Source: Statistics Canada*

- **Room revenues in British Columbia fell for a third consecutive month, slipping 2.3% (*seasonally adjusted*) in January.** Most regions saw revenues dip, with double-digit decreases registered in both Nechako (-20.1%) and North Coast (-15.4%). Mainland/Southwest, the

[1] 2002 dollars

Did you know...
Roughly 3 million Canadian tax payers filed their income taxes online in 2007.
*Data Source: Statistics Canada*

province's largest source for room revenues, posted a 2.8% drop while Vancouver Island/Coast (-1.8%) and Thompson/Okanagan (-0.7%) were also down. Kootenay (-2.8%) recorded a fifth straight monthly decrease in receipts while revenues in Northeast (+2.8%) and Cariboo (+1.4%) turned a corner in January, both regions showing increases after registering declines in each of the two previous months. *Data Source: BC Stats*

- **Year-over-year lumber production at BC's sawmills took another nose-dive in February, dropping 38.8% to 1,563 thousand cubic metres.** Lumber production in British Columbia has fallen almost steadily since June 2006 and, as of February, sits at a level not seen in nearly twenty-eight years. Not surprisingly, total Canadian lumber production also slid, falling 30.6% compared to the same month in 2008. *Data Source: SC Cat. no. 35-003-XWE*

- **The number of Employment Insurance (EI) recipients receiving regular benefits in British Columbia reached 63,650 (*seasonally adjusted*) in February, a jump of 11.6% over the previous month.** The rise in the number of claimants is linked closely to the province's struggling goods sector. Only Alberta (+27.3%) saw a larger increase in the number receiving regular benefits. Nationally, the rise was 7.8%. *Data Source: Statistics Canada*

- **Total food service and drinking establishment receipts in BC shrank 3.1% (*seasonally adjusted*) in February.** After starting the year strong, business at both food service establishments and drinking places slumped in the following month. Nationally, food service and drinking place receipts were up 0.9%.
*Data Source: Statistics Canada & BC Stats*

## Health

- **In 2006, life expectancy at birth in BC rose to 81.4 years, up 0.2 years from 2005, the highest in the country.** Over the same period, male life expectancy at birth gained 0.4 years to 79.2 years, while females gained 0.1 years to 83.6 years.

Nationally, life expectancy at birth was 80.8 years with BC (81.4 years), Ontario (81.1 years) and Quebec (80.8 years) all above the national average. At 78.4 years, male life expectancy at birth in Canada ranked 6th internationally, just below Sweden (78.7 years) and ahead of Norway (78.1 years). Female life expectancy at birth (83.0 years) ranked 5th when compared to other countries, behind Australia (83.5 years), but ahead of Sweden (82.9 years). *Data Source: SC Cat. no. 84F0211X*

## The Nation

- **After a relatively intense period of decline over the previous three months, Canada's gross domestic product (*seasonally adjusted chained 2002 dollars*) dropped just 0.1% in February, marking the economy's seventh straight monthly contraction.** Despite a slight rise in manufacturing activity (+0.1%), the remaining goods-producing industries, particularly construction (-2.1%) and mining & oil and gas extraction (-0.6%), fared poorly.

On the services side of the economy, wholesale (-0.2%) and retail trade (-0.1%) were down slightly while more significant declines were registered in both health care (-0.2%) and administrative services (-0.4%). Finance, insurance & real estate (+0.4%) continued to buck the recent trend, posting comparatively strong growth in February. This increase, along with a rise in the professional, scientific and technical (+0.4%) and accommodation & food (+0.6%) services helped the service sector inch ahead (+0.1%). *Data Source: Statistics Canada*

- **Year-over-year, the Industrial Product Price Index (IPPI), which reflects the price that Canadian producers receive for their goods, inched 0.1% lower in March.** This recent decline was largely the result of a sharp drop in the price of petroleum & (-33.4%) and primary metal (-16.6%) products, which offset a rapid rise in prices for motor vehicles (+17.4%), pulp & paper (+12.3%) and electrical products (+10.0%). The cost of BC softwood lumber rose 11.6% while the price for pulpwood chips (-6.5%) continued to slump.
*Data Source: Statistics Canada*



For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

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originally published in
*Tourism Sector Monitor* Issue 09-02

# Okanagan-Similkameen—Wine Country

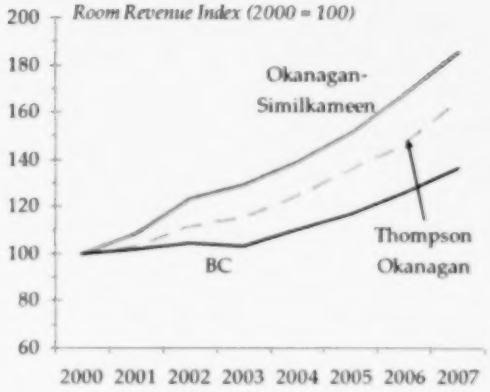
## Introduction

Located in the southernmost region of Thompson/Okanagan, Okanagan-Similkameen attracts visitors with its spectacular wineries and vineyards which are clustered throughout the entire area. With wine festivals offered during every season, providing visitors with wine-tastings and tours, Thompson/Okanagan, particularly Okanagan-Similkameen, has been deemed a "Napa of the North." Towns and municipalities located within the boundaries of Okanagan-Similkameen are home to most of the province's vineyards.

## Room Revenues

Despite only moderate growth in 2007 (+10.7%), room revenues in Okanagan-Similkameen have expanded (+86%) at more than twice the provincial rate (+36%) since 2000. They have also outpaced room revenues in all other Thompson/Okanagan regional districts. By 2007, room receipts in Okanagan-Similkameen totalled $53.6 million.

**Okanagan-Similkameen room revenues have outpaced those in Thompson/Okanagan and BC since 2000**

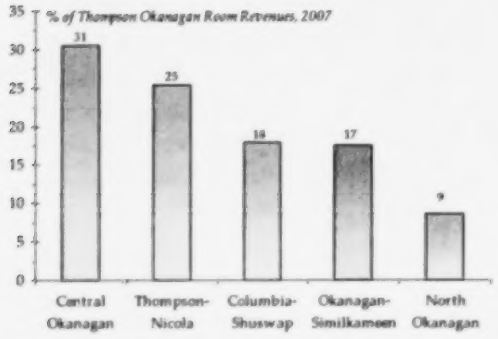



*Data source: BC Stats*

Okanagan-Similkameen, which includes, but is not limited to, the Town of Osoyoos, Oliver/Okanagan Falls[1], and the City of Penticton, accounted for about 17% of Thompson/Okanagan room revenues in 2007. Although Okanagan-Similkameen is gaining in popularity, the City of Kelowna and the City of Kamloops, located in Central Okanagan and Thompson-Nicola, respectively, remain the most visited destinations in Thompson/Okanagan, making up over half (54%) of total room receipts.

[1] Includes Town of Oliver, Community of Okanagan Falls, and Okanagan-Similkameen Electoral Areas C & D.

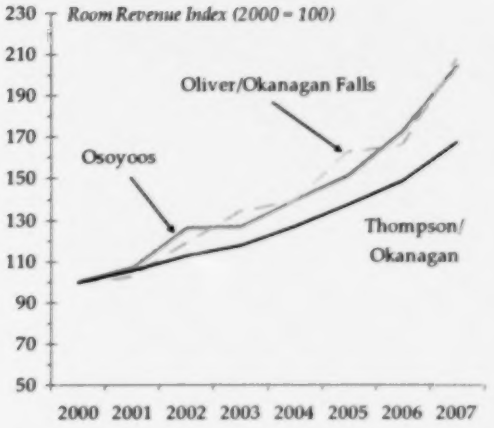
**Okanagan-Similkameen accounts for about the same amount of Thompson/Okanagan room revenues as Columbia-Shuswap**




*Data Source: BC Stats*

Although they contribute a relatively small portion of total room revenues in Thompson/Okanagan, room receipts in Osoyoos and Oliver/Okanagan Falls have been expanding more quickly than the regional district average (+86%) since 2000, up 104% and 108%, respectively. In 2007, Oliver/Okanagan Falls experienced a substantial boost (+25.2%) in room receipts, while revenues in Osoyoos (+18.0%) were also up significantly. The urban centres outpaced average annual growth in both Okanagan-Similkameen (+10.7%) and Thompson/Okanagan (+12.3%).

**Room revenues have shown strong growth in Osoyoos and Oliver/Okanagan Falls**



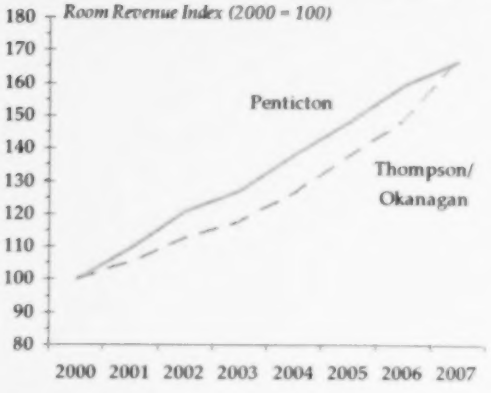

*Data source: BC Stats*

Tourism in the two urban centres is dependent on outdoor recreation activities including fishing, hiking and golfing, as well as wineries.

Located in the northern region of Okanagan-Similkameen, the City of Penticton makes up the bulk (54%) of regional district room receipts. Like Osoyoos and Oliver/Okanagan Falls, Penticton is known for its vineyards, but also offers beaches, golf courses, and ski resorts, making it a desirable travel destination year round. However, unlike Osoyoos and Oliver/Okanagan Falls, room revenue growth has slowed considerably in the past couple of years after outpacing average Thompson/Okanagan growth for years. In fact, in 2007, Penticton room revenues expanded more slowly (+4.3%) than all other urban centres[2] within Thompson/Okanagan.

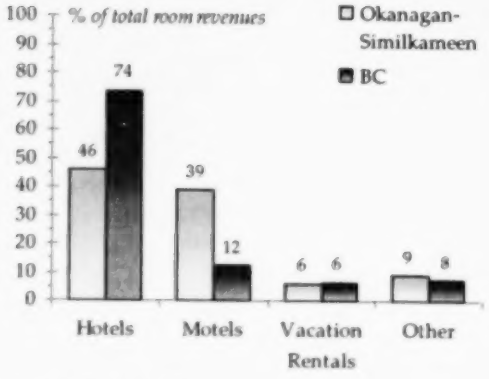
[2] Urban centres (as defined by BC Stats) in Thompson/Okanagan are: Oliver/Okanagan Falls, Town of Osoyoos, City of Penticton, City of Vernon, City of Revelstoke, City of Kelowna, City of Kamloops and Town of Golden.

**After years of strong growth, room revenues in Penticton have slowed recently**




*Data source: BC Stats*

**Relatively few visitors choose hotels in Okanagan-Similkameen compared to the rest of BC**




*Data source: BC Stats*

### Types of accommodation

Motels (39%) in Okanagan-Similkameen earn a significantly higher proportion of total room revenues compared to the rest of BC (12%). Hotels, on the other hand, make up less than half (47%) of Okanagan-Similkameen room revenues, compared to almost three-quarters (73%) of provincial room receipts. This is partly because there are no very large hotels (251+ rooms) in this region, which tend to earn higher revenues. Provincially, however, very large hotel room receipts account for 37% of all hotel room revenues.

Other accommodation types, including fishing lodges and bed-and-breakfasts (B&Bs), are becoming more widely utilized in Okanagan-Similkameen. Their share of total room receipts has risen from 6% in 2000 to 9% in 2007. The increase has largely been supported by a surge in B&B room revenues.

### Wine tourism

Wine tourism refers to "tourism whose purpose is or includes the tasting, consumption, or purchase of wine, often at or near the source."[3] This may include visits to wineries, vineyards, wine tours and wine festivals.

According to Wine Business Monthly[4], interest in wine tourism has grown significantly in recent years. This may be attributed to a rising awareness of environmental issues which has led to a boost in eco-tourism, including wineries and vineyards and an increase in the popularity of cooking and dining in general, largely propelled by the number of cooking shows currently on television.

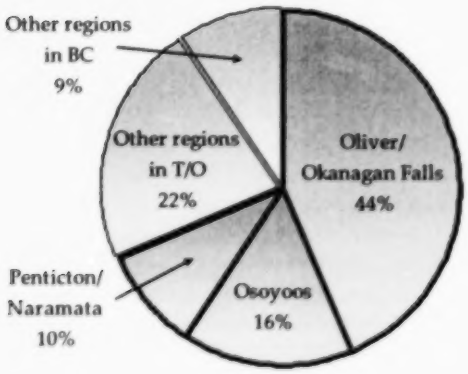
[3] Definition from Wikipedia: http://en.wikipedia.org/wiki/Wine_tourism

[4] Trends in Wine Tourism, August 15, 2007 article in Wine Business Monthly. Available from: http://www.winebusiness.com/wbm/

### Okanagan-Similkameen wineries and vineyards

The Okanagan Valley, which includes Osoyoos, Oliver/Okanagan Falls, and Penticton, is by far BC's largest wine producing region. This region alone accounts for 84%[5] of provincial wine grape acreage. Okanagan Valley also includes municipalities outside the boundaries of Okanagan-Similkameen, including Kelowna, Westbank, and Vernon, to name a few. However, Oliver/Okanagan Falls[6] (44%) and Osoyoos (16%) have by far the largest land areas devoted to wine grapes, comprising 60% of the provincial total. Including Penticton/Naramata[7], the three urban centres located in Okanagan-Similkameen make up more than two-thirds (70%) of BC wine grape acreage.

**70% of provincial wine grape acreage is located in Okanagan-Similkameen**



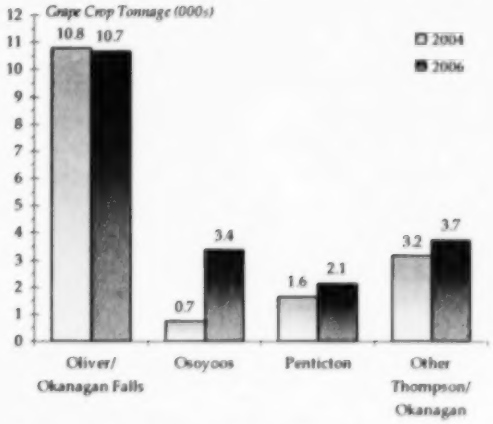

*Data Source: BC Wine Institute & BC Stats*

Other wine-producing regions in BC include Vancouver Island, the Lower Mainland/Fraser Valley and the Gulf Islands.

### Town of Osoyoos and Oliver/Okanagan Falls

While Oliver is commonly referred to as the "wine capital of Canada," Osoyoos has experienced relatively recent growth in the industry, with its grape crop tonnage expanding nearly five-fold from 715 in 2004 to 3,370 in 2006. Over the same period, there has been a slight reduction (-1.3%) in grape crop tonnage in Oliver/Okanagan Falls.

**While Oliver/Okanagan Falls is still the main wine producer, grape crops have shot up in Osoyoos**




*Data source: BC Wine Institute & BC Stats*

[5] All wine grape acreage figures were obtained from BC Wine Institute.

[6] Urban centre boundaries may differ between BC Stats room revenue data and BC Wine Institute figures.

[7] BC Wine Institute figures combine Penticton and Naramata, whereas BC Stats estimates include Penticton only.

**Trends in the Canadian and British Columbian wine industries**

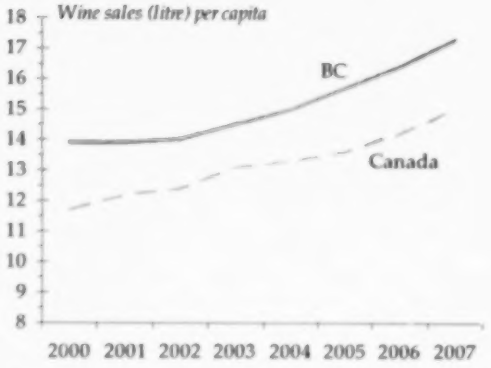
In total, BC wine production has more than doubled since 2000, from about 6 million litres to 13.4 million in 2007. Provincial grape crops valued an estimated $36.9 million in 2007[8].

A recent Statistics Canada publication[9] suggests that Canadians are purchasing more wine, with sales jumping from 11.7 litres per capita in 2000 to 15.0 in 2007. The popularity of the beverage in British Columbia, in particular, has taken off in recent years, with wine sales reaching 17.3 litres per capita in 2007. Overall, BC had the third highest wine sales (litres) per capita in Canada, after Yukon (21.0) and Quebec (20.1).

The publication also indicates that Canadians are purchasing higher volumes of domestically produced wines. Because it is often locally produced, British Columbians may be more inclined to purchase this wine and consequently, support their local economy.

A surge of general interest in wine, as suggested by the publication, could provide an extra boost for tourism in the wine-producing regions of Okanagan-Similkameen.

**Canadian sales per capita of wine are up, particularly in BC**




*Data source: Statistics Canada*

A recent study[10] found that British Columbians are most likely to participate in wine, beer, or food tastings while on trips, compared to the rest of the provinces. According to the study, almost one-in-four (23%) British Columbians participated in the activity, compared to the Canadian average of 18%. Those living in Quebec were second most likely (18%) to partake, while those travelling from Manitoba (9%) were least likely.

British Columbia's high incidence of wine, beer and food tasting travellers may suggest that many visitors to the Okanagan-Similkameen region are travelling within the province.

Of those Canadians who participated in a wine, beer, or food tasting between 2004 and 2006, 41% also visited British Columbia over the same time period. Although this doesn't necessarily imply that they are coming to the province specifically for the activity, it may suggest that wine, beer, and food tasters are drawn to the area. BC was also a

[8] BC Wine Institute.

[9] The Control and Sale of Alcoholic Beverages in Canada. Catalogue no. 63-202-X. Released June 12, 2008.

[10] TAMS 2006: "Canada activity profile: wine, beer, and food tasting while on trips", available from: http://www.tourismbc.com/Libraries/Research_CAN_TAMS_Culinary/Wine_Beer_and_Food_Tasting.sflb.ashx

popular choice among American wine, beer and food tasters. Between 2004 and 2006, 9% of Americans who participated in a wine, beer, or food tasting also visited British Columbia, second only to Ontario (14%)[11].

In Canada, middle-aged (average age of 46 years) people are most likely to partake in wine, beer and food tastings while vacationing and for those who do, the average household income is almost $82,000. Households earning more than $100,000 are almost ten times more likely to participate in the activity than those earning less than $20,000.

**Conclusion**

Overall, Okanagan-Similkameen is becoming increasingly prominent as a tourist destination within Thompson/Okanagan. With BC's wine industry expanding at a rapid pace, particularly in Okanagan-Similkameen, it is likely that the region will continue to draw visitors—both local and international—seeking a unique and cultural experience. Additionally, a rise in the general interest in wine will surely provide a boost for the regional district's economy.

[11] TAMS 2006: "US activity profile: wine, beer and food tasting while on trips", available from: http://www.tourismbc.com/Libraries/Research_US_TAMS_Culinary/Wine_Beer_and_Food_Tastings.sflb.ashx

Infoline

May 1, 2009
Issue 09–17

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# BC at a glance . . .

| POPULATION (thousands) | Jan 1/09 | % change on one year ago |
|---|---|---|
| BC | 4,420.0 | 1.7 |
| Canada | 33,504.7 | 1.2 |
| **GDP and INCOME (Revised Apr 27)** | | |
| *(BC - at market prices)* | 2008 | % change on one year ago |
| Gross Domestic Product (GDP) *($ millions)* | 199,214 | 3.5 |
| GDP *($ 2002 millions)* | 164,161 | -0.3 |
| GDP *($ 2002 per Capita) (reflects revised pop)* | 37,466 | -1.9 |
| Personal Disposable Income *($ 2002 per Capita)* | 26,110 | 3.3 |
| **TRADE ($ millions, seasonally adjusted)** | | % change on prev. month |
| Manufacturing Shipments - Feb | 2,803 | -2.5 |
| Merchandise Exports - Feb | 2,483 | 7.1 |
| Retail Sales - Feb | 4,328 | -1.3 |
| **CONSUMER PRICE INDEX** | % change on | 12-month avg |
| *(all items - Mar 2009)* | one year ago | % change |
| BC | 1.1 | 2.2 |
| Vancouver | 1.3 | 2.4 |
| Victoria | 1.1 | 2.1 |
| Canada | 1.2 | 2.2 |
| **LABOUR FORCE (thousands)** | | % change on |
| *(seasonally adjusted)* | Mar '09 | prev. month |
| Labour Force - BC | 2,420 | -0.2 |
| Employed - BC | 2,240 | -1.0 |
| Unemployed - BC | 180 | 11.4 |
| | | Feb '09 |
| Unemployment Rate - BC *(percent)* | 7.4 | 6.7 |
| Unemployment Rate - Canada *(percent)* | 8.0 | 7.7 |
| **INTEREST RATES (percent)** | Apr 29/09 | Apr 30/08 |
| Prime Business Rate | 2.25 | 4.75 |
| Conventional Mortgages - 1 year | 3.90 | 6.95 |
| - 5 year | 5.25 | 6.99 |
| **US-CANADA EXCHANGE RATE** | Apr 29/09 | Apr 30/08 |
| *(avg. noon spot rate)* Cdn $ per US $ | 1.2008 | 1.0195 |
| *(closing rate)* US $ per Cdn $ | 0.8313 | 0.9830 |
| **AVERAGE WEEKLY WAGE RATE** | | % change on |
| *(industrial aggregate - dollars)* | Mar '09 | one year ago |
| BC | 790.02 | 3.8 |
| Canada | 796.01 | 3.7 |

**SOURCES:**

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

## BC Economic Accounts

With this release from Statistics Canada, preliminary estimates have been made for 2008 without revisions to previous years. BC gross domestic product (GDP), personal income, final domestic demand and trade flow data have been updated on our website.

http://www.bcstats.gov.bc.ca/data/bus_stat/econ_acct.asp

## Demographic Atlas, Selected Indicators

The Demographic Atlas is a new mapping tool added to the BC Stats website. The 2008 population components by Local Health Areas (89 regions) can be visualized with this user-friendly, interactive, and powerful analytical application. It allows for comparison and correlation of two data sets, giving the user the ability to export the output to a document or slide show, yielding geographical analysis without the cost of expensive software or GIS knowledge.

We would like to thank the University of Victoria for their partnership, and welcome comments and enquiries.

www.bcstats.gov.bc.ca/data/pop/Atlas.asp

## Dynamic Population Pyramid

One of the best tools for examining population age/sex structure and dynamics is the Population Pyramid. With this graph, one can view a region's age and sex structure with a glance, but with our dynamic pyramid tool the user can see the changing community population profile over time.

www.bcstats.gov.bc.ca/data/pop/PeopleDataViewer/pyramid.asp

### Released this week by BC Stats

- British Columbia Business Indicators, April 2009
- Current Statistics, April 2009

### Next week

- Labour Force Survey
- Earning and Employment Trends

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